

Supply Side

SRP eyes 2005 mine start

Optimistic about clearing final regulatory approvals, the **Salt River Project** said it plans to have its long-delayed Fence Lake surface mine shipping its first coal in January 2005.

As reported (CO 7/16), the state of New Mexico on July 12 extended the mine's permit for five more years. SRP official Bob Barnard said the next major step, an approval from the **U.S. Dept. of Interior**, is expected this summer. As soon as the federal approval is in hand, SRP anticipates a construction start on the 18,000-acre mine and the 43-mile railroad that will connect it to the Coronado power plant.

In its public statement on the permit renewal, SRP didn't mention continuing opposition to the mine permit from the **Zuni Tribe**. The tribe has the original mine permit in state circuit court and the renewed version may end up there as well. Barnard did say that the project will not harm Zuni Salt Lake, a sacred tribal landmark that is the centerpiece of Zuni opposition.

Barnard focused on the economic positives of the project, including creation of hundreds of new jobs in building and operating the mine and the railroad. This is planned as a 50-year mine on 80 million tons of reserves in Catron and Cibola counties. SRP noted that most of the mine's production will replace SRP's supply from **Pittsburg & Midway Coal Mining's** McKinley mine, which is running out of economic reserves. "SRP's current contract with McKinley Mine will be completed in 2006," SRP added.

Alcoa plans Three Oaks mine

In a July 19 notice in the *Federal Register*, the **Corps of Engineers** said it would write an environmental impact statement on **Alcoa Inc.'s** plan to develop the Three Oaks lignite mine in Lee and Bastrop counties in Texas.

This new mine would be next to Alcoa's Sandow mine, which has been in operation since the early 1950s and will run out of coal in about five years. Three Oaks will produce 6 million tons/yr and will ship replacement lignite to power-generating plants owned by Alcoa and **TXU** that currently supply power to Alcoa's Rockdale Aluminum Smelter. At 6 million tons/yr, Three Oaks has an expected life of 30 years.

To build the new mine, Alcoa needs a Section 404 Clean Water Act permit from the Corps. The EIS will be written as part of the review process on the 404 application.

For more, contact Jennifer Walker of the Corps, 817-978-7547.

Willow Creek report notes ventilation violations

RAG American Coal's Willow Creek mine in Carbon County, Utah, was in violation of two sections of the mine safety ventilation code when a July 31, 2000, underground explosion fatally injured two miners and injured 10 other workers, the **Mine Safety and Health Administration** concluded in a report released July 17.

"The bleeder ventilation system did not adequately control the air passing through the worked-out area of the D-3 Panel," said the report. "The system did not dilute and render harmless concentrations of methane and other gaseous hydrocarbons in the worked-out area where potential ignition sources existed. MSHA investigators determined that the ventilation system at Willow Creek did not adequately dilute concentrations of explosive methane gas, which was ignited in a series of four explosions within a 30-minute period."

After the mine was evacuated and the dead and injured removed, the mine surface openings were sealed and remain sealed to this day.

Whether Willow Creek is reopened depends on whether a mine plan is submitted that can gain MSHA approval, an MSHA official said. "Should an underground investigation of the accident scene become possible in the future, an amended report may be issued," MSHA said.

Willow Creek has long been known as a highly gaseous mine. A November 1998 explosion and fire, in which no one was killed or injured, forced the mine to shut

down for several months.

The report may be viewed on line at www.msha.gov.

No fines yet; RAG comments

RAG has the option to appeal within 30 days the two ventilation violations found by mine safety investigators. Penalties won't be assessed for several months, an MSHA official said. Penalties for each violation could range from \$55 to \$55,000, the official said.

An official with **Plateau Mining Corp.**, the RAG American subsidiary that operated Willow Creek, said, "We need time to study this extensive report before we will be able to make specific comments. We will have no immediate comment on the report's content other than to say company personnel fully cooperated with MSHA personnel investigating the fire both initially and in the months that followed."

The official added, "However, we do believe the unique combination of factors at Willow Creek — including the presence of hydrocarbons along with high methane liberation and rock characteristics — do not exist at other RAG-affiliated coal mines. Further, we would point out that prior to restarting coal operations after the 1998 fire, Plateau Mining Company implemented all additional safety measures mandated by MSHA as well as others initiated by the company. These included increasing the volume of intake ventilation air, increased methane drainage capacity and added monitoring capabilities."

Arava eyes return on Willow Creek investment

In seeking to buy the Willow Creek mine of **RAG American Coal**, **Arava Natural Resources** is in part looking to protect an investment it made in the rail infrastructure there, said an Arava official July 17.

On July 12, RAG said it is working on a deal to sell some mine assets to **Amwest Exploration** (CO 7/16). RAG didn't say who is behind Amwest, but an Arava official told *Coal Outlook* that Amwest is a longtime subsidiary of Arava. Another unit of Arava is **Utah Railway**, which spent heavily in the mid 1990s to upgrade the rail track and 110-car loadout at Willow Creek (CO 8/11/97).

To some extent, Arava won't know if its plans to reopen the mine as a small room-and-pillar job are practical until the **Mine Safety & Health Admin.** makes decisions

about the mine's future, said the Arava official. A new agency report about last year's fire has just been released, but shed no light on whether the mine will be reopened (*see story, this page*). No one has submitted a plan to reopen the mine since it was shut last July after the fatal explosion, MSHA said.

The Amwest negotiations show this mine is probably not coming back as the major producer it was slated to be. That's a big change in the dynamics of the Utah coal market and puts fresh demand on new and old mines there. It may wind up being a major factor in coal operator Robert Murray's plans to start developing in the next few months his Lila Canyon longwall mine, a 5-million-ton/yr producer in Utah (CO 6/18).